

# 2014 Legislative Jobs Council

September 15, 2014

## Job Creation Metrics Discussion

Mark Lautman

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# Jobs Council Recommendations

July 17, 2014

NM Partnership	\$500,000
LEDA	\$50,000,000
JTIP	\$12,000,000
Co-op Advertising	\$2,000,000
Local Staff Augmentation	\$4,500,000
Solo-Work Pilot	\$500,000
Forest Restoration Pilot	\$250,000
Middle School Physics Pilot	\$250,000
Broadband needs assessment	\$300,000
<u>Work Force Gap Forecast Model</u>	<u>\$125,000</u>
FYI 2016	\$70,425,000

# Predicament Matrix - State of New Mexico

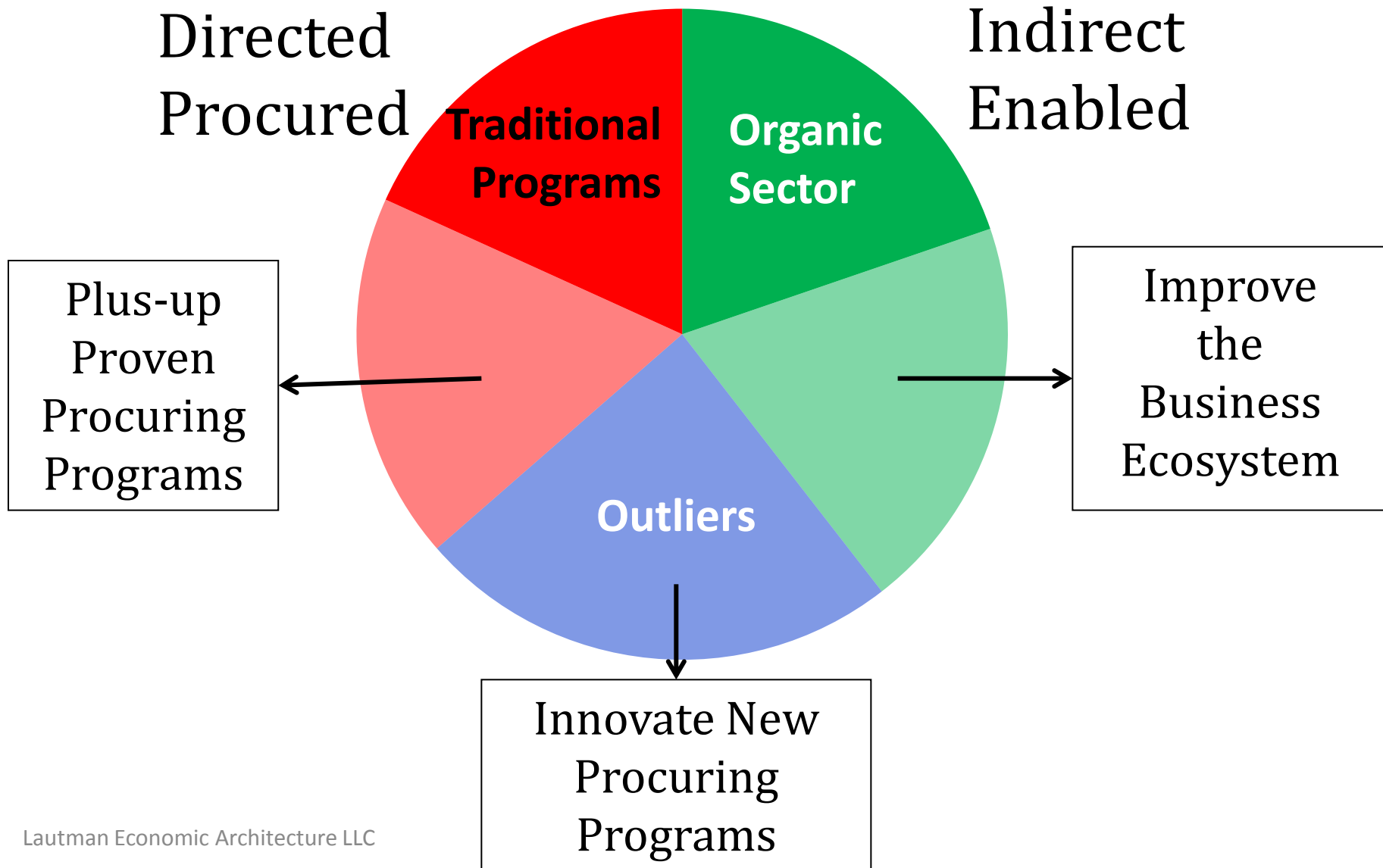
	2013	2023	Calculus (2013)	Calculus (2023)	Decade Change
Population Growth	2,091,000	2,300,100		10%	209,100
Workforce Participation	993,225	1,092,548	48%	48%	99,323
Unemployment Rate	89,390	43,702	9%	4%	45,688
Employment Rate	903,835	1,048,846	91%	96%	145,011
E-base Jobs Rate	316,342	367,096	35%	35%	50,754
E-base Attrition Rate		110,129		30%	110,129
Total E-base Needs					160,883
Annual E-base					16088
Program Reliant					

# State-wide Economic Base Jobs per Economic Sector

Legislative Jobs Council Session 3 | Taos, NM | Aug. 8th 2013 10am

<b>List of General Industry Sectors:</b>	<b>Jobs</b>	<b>Transactions</b>
Back Office	25,000	70
Exported Services	15,000	1,500
Solo - Independent Work	12,000	12,000
Integrated IT & Cyber (Non-Government)	16,000	1600
Digital Media	9,100	160
Visitor Driven	22,400	228
Emerging Technologies (Non-Government)	1,000	200
Manufacturing	15,000	506
Extractives	10,000	2507
Agriculture, Food, and Forestry	3,000	186
Government	8,100	?
Health and Social Services	23,000	15,000
Education Services	2,500	25
<b>Total</b>	<b>162,100</b>	<b>31,732</b>

# Strategy Options



# State-wide Reporting Metrics

Economic base jobs created – lost, by sector/region

Marketing and lead generation

Sales and prospect case work

Completion resources

Critical product development initiatives

Methodology, data development and analytics

Integration of state and local program reporting

# Establish Longitudinal and Attribution Reporting System for Employers

1. Amend CRS/UI process to include reporting number of jobs (FTEs) and percent of company revenue derived from out of state.
2. Liberalize privacy restrictions for selected Department of Workforce Solutions employment data.
3. Require employers that take incentives to report on employment and investment.
4. Create a GRT exemption on solo work billed to out of state clients with quarterly reporting protocols.

# Economic Development Transparency and Accountability Act

Measure regional economic base job levels by economic sector, occupation.

1. Measure quarterly net increase or decrease in economic base jobs state-wide and by region.
  - Ask three questions on the CRS/UI forms – Tax and Revenue Department
    1. How many FTE jobs,
    2. The % earnings from outside the state,
    3. The % of earnings outside region
  - Fund a position at TRD to collect, analyze and report the data.
2. Relax the privacy rules at Department of Workforce Solutions to allow quarterly research on full time jobs counting per quarter.
3. Require any employer using state or local economic development incentives to report directly to;
  - Department of Workforce Solutions and
  - Tax and Revenue Department.
4. Require independent workers to report % of income and % of time living in state each quarter – provide income tax break for solo economic base workers.



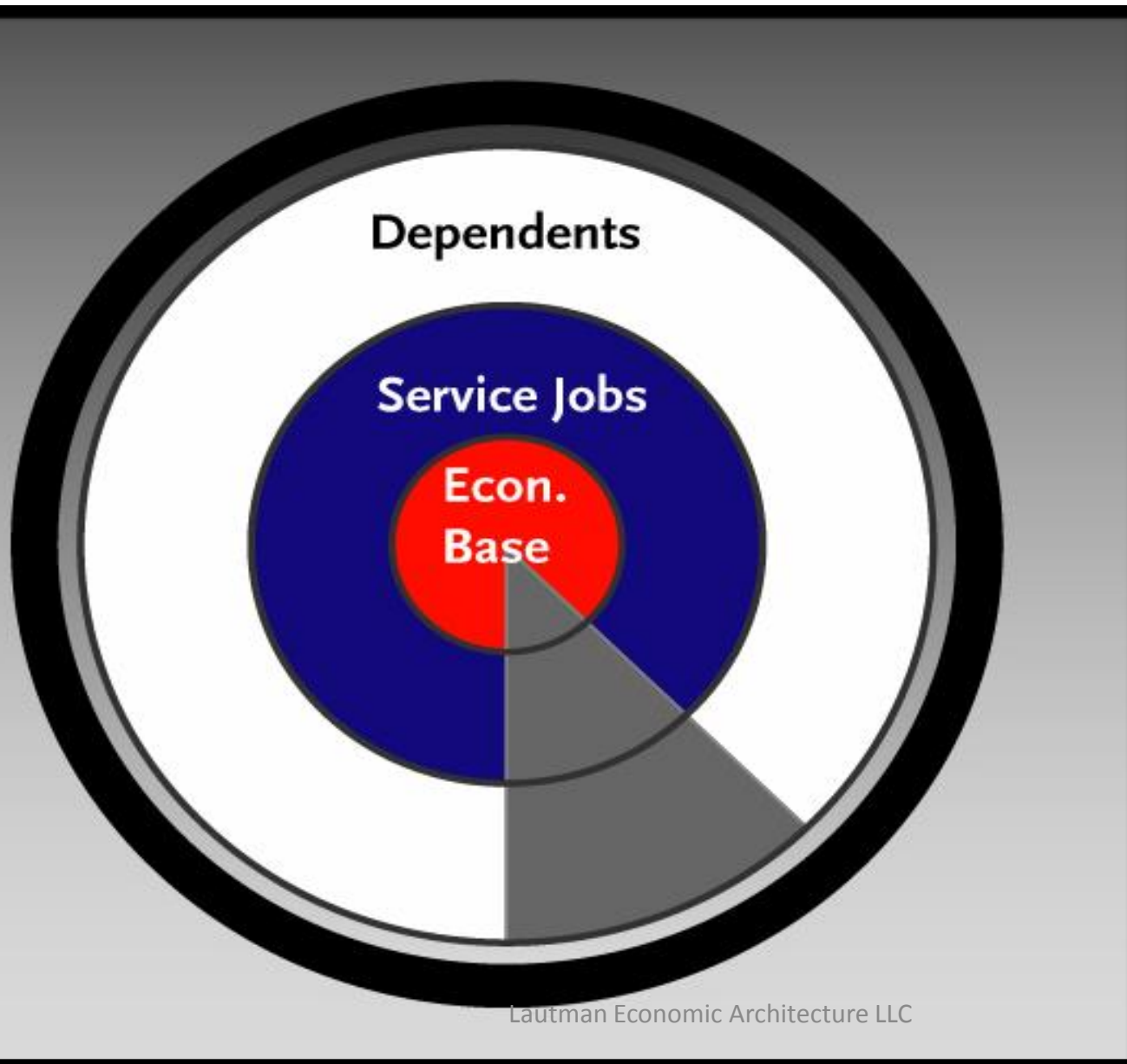
# Economic Development Transparency and Accountability Act

## Consequences:

*This bill will make it possible to track changes in over all economic base employment by industry category state-wide and by region, calculate economic base multipliers by industry by region, measure effectiveness of job creation programs and return on investment of state and local resources invested in economic development.*

*Failure to pass it or something like it will continue to make it impossible to measure economic base jobs or calculate ROI for state investments in economic development – making it increasingly difficult to justify investment.*

# Economic Base Jobs



$$E > P$$

# What Is A **Procuring Agent**?

## Marketing, Sales and Completion

- Has economic base job creation as a primary mission
- Has identified specific economic base sector targets
- Has numerical job creation goals and transaction metrics
- Has substantial financial and professional resources focused on two or more of the following activities:
  - 1. Marketing and lead generation
  - 2. Sales, deal structuring and completion
  - 3. Product development - curing critical factor of production gaps and improving competitiveness.

# Qualifying Jobs Procuring Programs - Organizations

1. *Which organizations are currently on the hook for creating the new economic base jobs in each sector?*
2. *In sectors for which there is no lead procuring agent who could or should be?*
3. *Which state, regional and local entities are engaged in and funded directly to create economic base jobs?*
4. *Which qualify as a lead procuring agent? Or have the potential to become lead procuring agents?*
5. *Which economic base sectors require a new program development and lead agent commissioned for the work?*
6. *Are there any sectors that defy a programmatic approach?*
7. *How many sectors does each major lead procuring agent have direct influence or responsibility for?*
8. *How many new economic base jobs in each sector should each lead agent bear responsibility for?*

# County Wide

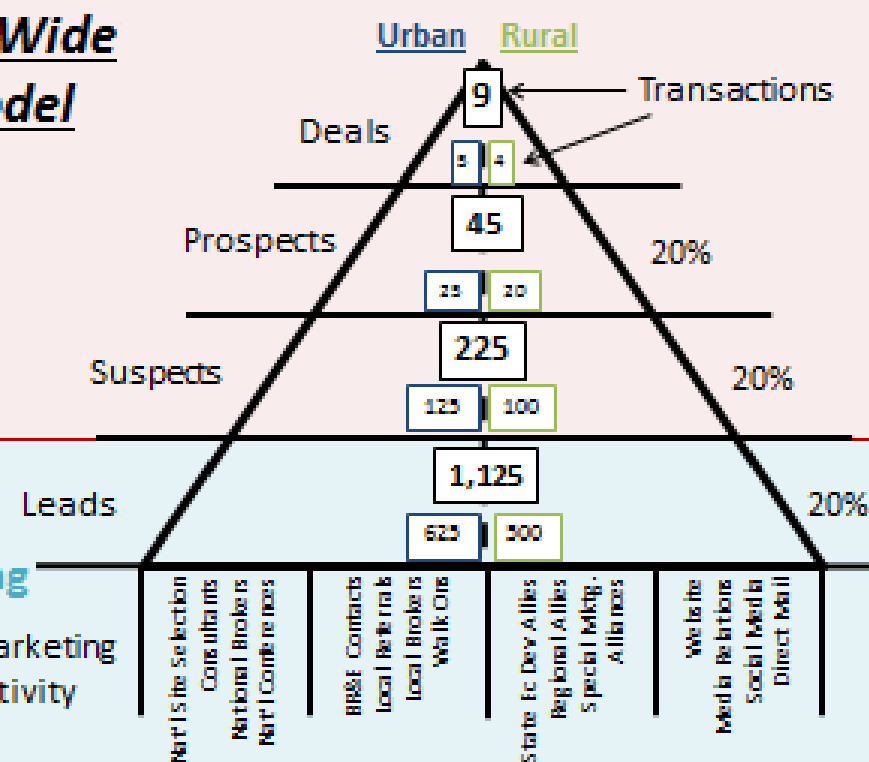
## EDC Model

### Sales

### Marketing

### Product Development and Competitiveness

### Organization Development



#### Staff

CEO Marketing  
VP Product Dev.  
EDP Webmaster  
EDP Administration  
EDP  
Research  
Fundraising

#### Operational Burdens

- 225 cases =  
~1 Proposal per day  
~1 Site Visit per day
- 1,125 leads =  
~4 per day
- 1 EDP =  
~50 Cases per year

# Marketing, Sales & Completion Metrics

**Completion**

**\$ 50m -100,000sf - 198 jobs**

**Sales**

**5 Deals** (*Contracts*)

**20 Prospects** (*Hard # Proposals*)

**45 Suspects** (*Site Selection Matrix Work*)

**400 Leads** (*Preliminary Fact Finding and Qualification*)

**Marketing 4000** *Inquiries (Frogs Kissed)*

Sources	Website -	Mktg Allies -	Conferences -	Site Selectors -	Contact Program -	Other -	Total/ave
	\$30,000	\$50,000	\$10,000	\$20,000	\$75,000	\$15,000	\$ 200,000
Leads	120	35	5	30	150	100	400
\$ per lead	<b>\$250</b>	<b>\$1,428</b>	<b>\$2,000</b>	<b>\$666</b>	<b>\$500</b>	<b>\$150</b>	<b>\$500</b>
Prospects	3	7	0	6	3	1	20
\$ per prospect	<b>\$10,000</b>	<b>\$7,142</b>	-----	<b>\$3,333</b>	<b>\$25,000</b>	<b>\$15,000</b>	<b>\$10,000</b>

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# Workforce development

- Require WorkKeys testing high school, community college, income maintenance
- Allow Social Security numbers to be used to track worker trajectory
- Training program ROI
- Qualified workforce pipeline development
- Qualified workforce immigration-emigration
- Qualified workforce inter-state migration
- Qualified workforce retirement







Rebuilding the economic base of NM will require  
bold strategic action funded by  
scale increases in public and private investment.

The additional investment will only come when  
rigorous transparent performance metrics  
are put in place.

# Other Reasons for More Rigorous Metrics

Improve performance

Improve productivity

Restore credibility to the profession

Improved policy decisions

Decisions easier to defend

# Why don't we have more rigorous metrics?

Lack of a common intellectual framework

Lack of useful attribution & longitudinal data

It is difficult and expensive

Lack of political will

Resistance from economic development professionals

# What Is A **Lead Procuring Agent?**

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# Listing The Procuring Agents

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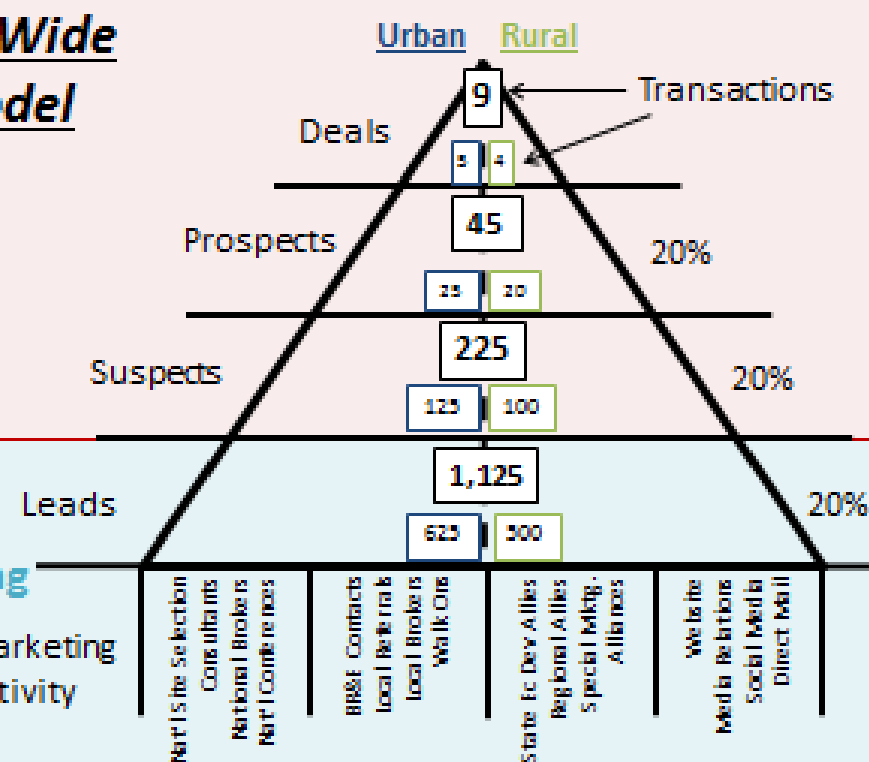
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# State-wide Reporting Metrics

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# Requirements for Effective Job Creation Metrics

Explicit measurable job creation goals - failure defined

An credible operational plan with critical path milestones

Precise definitions and methodologies

An organization and person accountable for each task

Adequate funding for data collection and analytics

# Types of Job Creation Metrics

Performance; Measures progress on primary goals.

Operational; Measures critical elements of program execution.

Attribution; Who gets the credit - What or who caused it?

Longitudinal; How much was achieved over time?

Return on Investment: Was it worth it?

# Job Creation Program Functions

Marketing; Lead generation and qualifying

Sales; Prospect case management,

Completion resources; JTIP, LEDA

Product Development; general factor of production and competitiveness

# Marketing and Lead Generation

Performance Metrics; Number of qualified leads produced

Operational Metrics; Contacts initiated per person against goal

Longitudinal Metrics; Size of source network, pipeline valuation

Attribution Metrics; Who generated the lead?

Return on Investment; Average cost per qualified lead

# Sales

## Prospect Development Case Management

Performance; Number of deals to the goal line, number of jobs

Operational; Site visits, proposals, final proposals, contracts

Longitudinal; Leads, suspects prospects under management

Attribution; Who gets the credit for advancing the prospect

Return on Investment; Cost per deal managed and closed

# Completion Resources

Performance; Deals closed, jobs created

Operational; Number of proposals processed

Longitudinal; Employers in business and jobs in place over time

Attribution; Who gets the credit for advancing and closing

Return on Investment; average cost per job created



# ROI Calculation Approaches

Acquisition Approach; If you bought and moved the company.

Job Value Approach; What is a new job worth to you?

Broker Value Approach; Commission you would pay a broker.

Program Value Approach; What does the program cost to run?

Market Share Approach; National market share of job creation.

# Attribution

Who gets the credit for deals found, worked and closed?

What is the rationale (basis) for sharing credit?

How do we compel state and local players to report together?

# Marketing and Lead generation; Attribution

How was the lead sourced?

How did the opportunity materialize?

Did the marketing program play a role in procuring the lead?

Did others? How do we share attribution?

How do we compel state local and regional job creation efforts to report together?

# Sales case management attribution;

Did anyone play a procuring role?

.....critical assist?

.....non critical assist?

How is attribution credit shared?

# Completion Resources Attribution

What completion resources were required?

LEDA?

JTIP?

IRBs?

TIDD?

What role did those resources play in closing the deal?

What was the investment per job?

# Operational Metrics Examples

## Marketing and Sales Organization

1. Staff time split between completion, sales, marketing, product development & organizational maintenance
2. Tracking leads, suspects, prospects and deals by source & agent
3. Pipeline value > jobs – square footage – potential revenue
4. But for vs. Would have happened anyway.
5. Cost per lead - prospect
6. Cold calls & new contacts per week per agent
7. Column inches of press > ad value of editorial coverage
8. Conference new contact/interest against goal
9. Client case load
10. Client status changes
11. Client site visits
12. Track reasons (causes) for prospect attrition

# Establish State-wide Reporting and Data Analytics System for Job Creation Programs

1. Longitudinal and attribution metrics for employers
2. Longitudinal and attribution metrics for job creation program and policies
3. Longitudinal and attribution metrics for critical factor of production initiatives

# Establish Longitudinal and Attribution Reporting System for Employers

1. Amend CRS/UI process to include reporting number of jobs (FTEs) and percent of company revenue derived from out of state.
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# Longitudinal and Attribution Metrics for Job Creation Programs and Policies Results

1. Align and integrate reporting of key program performance and operational metrics.
1. Needs > goals
2. Performance metrics; Longitudinal and attribution
3. Operational metrics; Longitudinal and attribution

# Examples Program Metrics - Goals

## **Mesa del Sol**

10 transactions

7,500 new economic base jobs at \$50k +

5 micro clusters established in 5 years

Source half the deal from in-house house marketing

## **Santa Teresa**

3 x Port Traffic -150 trucks per day to 450 trucks per day

10 transactions per year - 50/50 warehouse/manufacturing

500,000 square feet per year

\$50m new assessed valuation per year

## **Rio Rancho**

Job Parity - 500 economic base jobs per year

5 transactions per year year

2x increase in average household income

## **Grants**

Complete a transaction in first 18 months

1000 Frogs kissed per year

4 end stage prospects and 1 transaction per year

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# Example Marketing Program Results

	May 05	Nov 05	May 06	Dec 06
<b>Status</b>	<b>Total/but for</b>	<b>Total/but for</b>	<b>Total/but for</b>	<b>Total/but for</b>
Deals	0/0	1/0	3/2	3/0
Prospects	0/0	8/2	18/6	23/12
Suspects	9/1	11/6	35/18	20/15
Leads	10/2	30/0	85/55	23/12
Inquiries	14/4	22/0	125/100	30/ <b>17</b>
Total	36/7	72/8	266/181	99/56

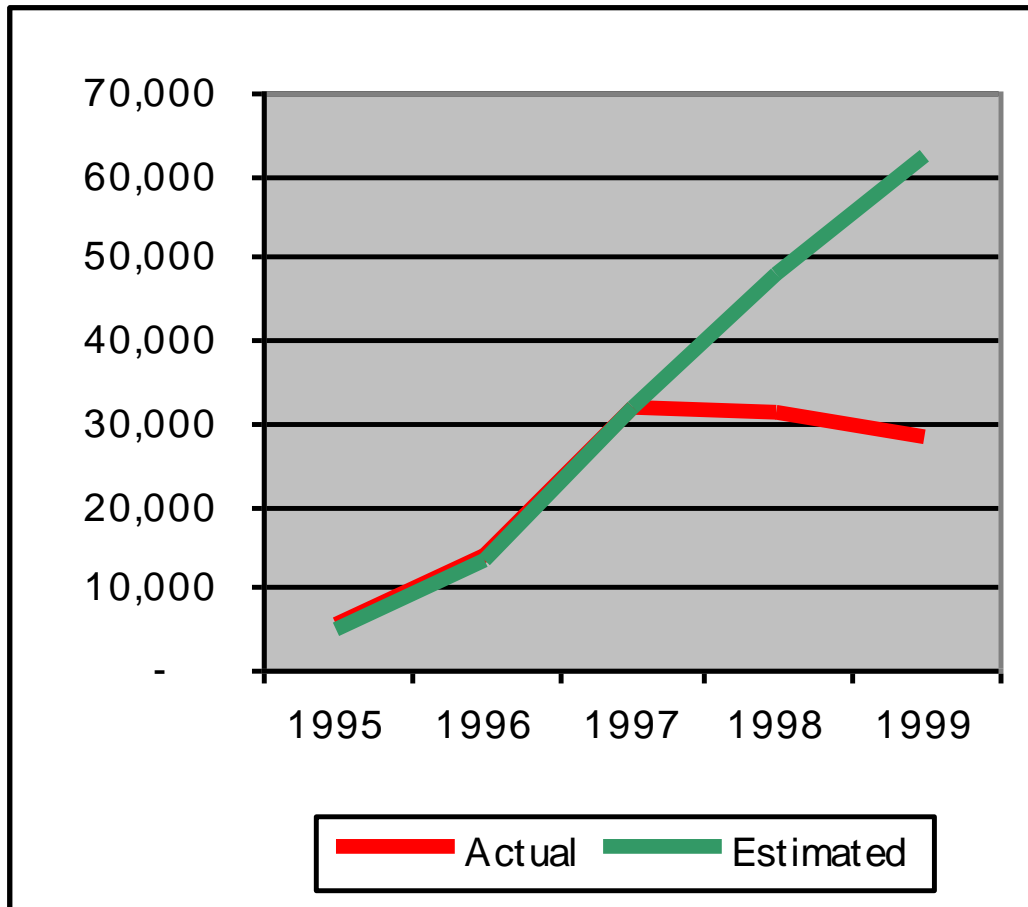
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# Example of Metrics for Cold Calling Program 06-07

Contractor	2006 Program Goals	Results	
Outside cold calling contractor			
Approach	2,000	3,341	
Reach Decision Makers for a Conversation	600	906	
Qualified Leads	48	136	
Prospects	4	5	
Site selection consultant relationship manager			
Approach	500	318	
Contact	229	100	
Continued interest	60	53	
Qualified Leads	2	1	
Prospects			
MdS in-house			
Approach	300	125	
Contact	200	3	
Continued interest	50	10	
Qualified leads			
Federal government contractor liaison			
Approach	350	605	
Contact	200	241	
Continued interest	30	24	
Qualified leads	4	7	
Prospects			1
Total			
Approach	3,150	4,389	
Contact	1,229	1,129	
Continued Interest	188	223	
Qualified leads			
Prospects	10	7	

# Critical Factor of Production

## Santa Teresa Port Traffic 1995-1999



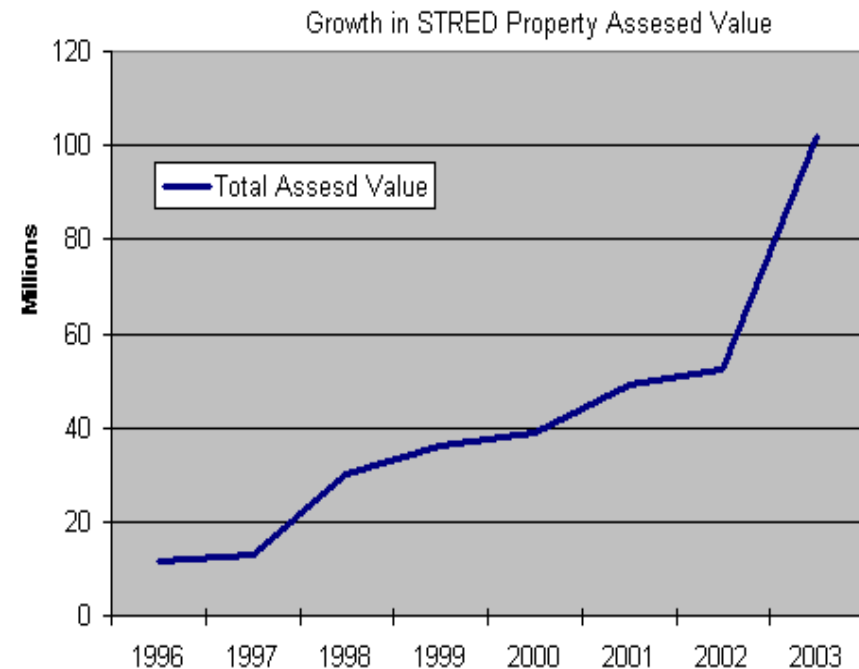
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# County's Top 10 Property Tax Payers

## Top Ten Taxpayers in the County 2003

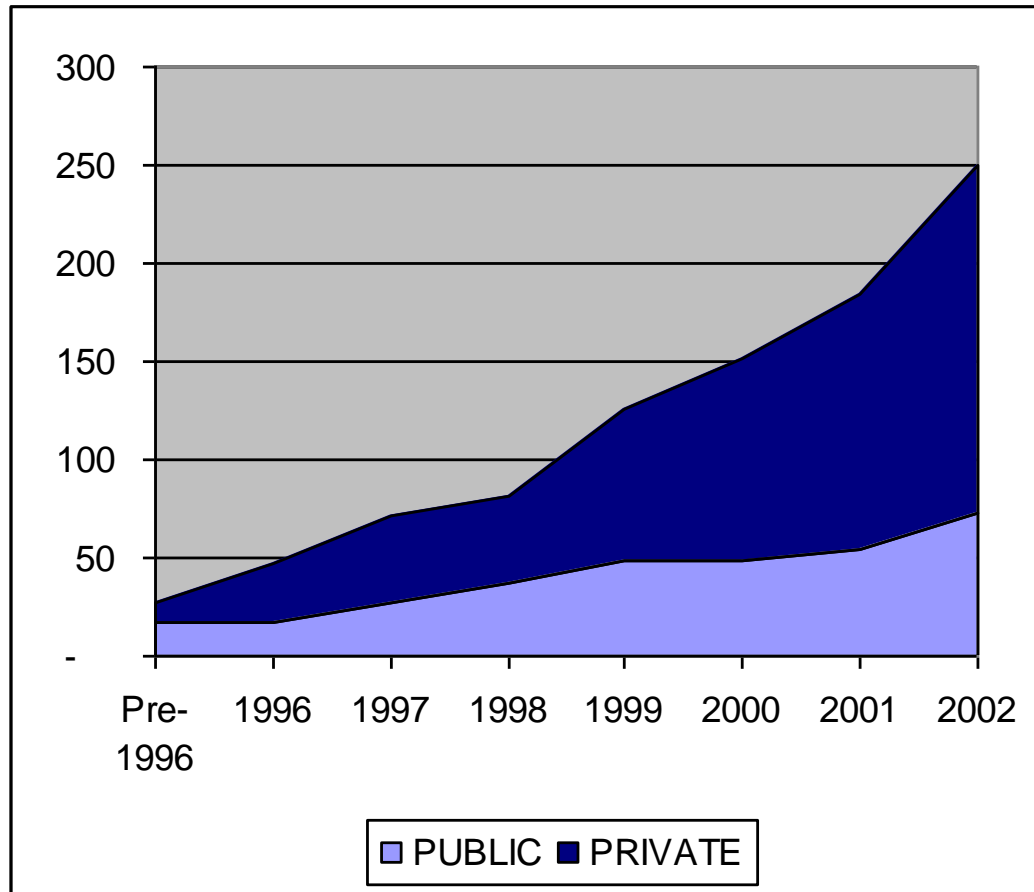
(by total assessed value)

Company	Total Assessed Value
El Paso Electric Co	\$ 139,892,988.
<b>Santa Teresa Real Estate/Fairfax</b>	<b>\$ 101,976,029.</b>
Qwest Corporation FKA US West	\$ 64,174,153.
Cruces Medical Center LLC	\$ 52,954,400.
Public Service Co of NM	\$ 48,871,652.
El Paso Natural Gas Co	\$ 26,816,665.
Burlington Northern & Santa Fe	\$ 25,116,045.
WXI/Z Southwest Malls Real Est. LLC	\$ 23,830,900.
Union Pacific Railroad Company	\$ 20,257,404.
My Way Holdings LLC	\$ 17,793,100.



# Santa Teresa, NM

## Public versus Private Investment



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